GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:685
ANSWERED ON:28.07.2006
DEBT WRITE- OFF RELIEF TO STATES
Sethi Shri Arjun Charan

Will the Minister of FINANCE be pleased to state:

(a) whether the Twelfth Finance Commission has recommended conditional debt write off of loans for different States of the Union ;

(b) if so, the details of the scheme recommended thereof ;

(c) the names of the States which now qualify for such a write-off ; and

(d) whether the State of Orissa is one of such States q~alify for write-off and details of the write-off loans made till date ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) : Yes, Sir.

(b) : Under the scheme of Debt Consolidation and Waiver Facility recommended by Twelfth Finance Commission, the Central loans to the States contracted till 31.3.2004 and outstanding as on 31.3.2005 are to be consolidated and rescheduled for repayment in 20 equal annual installments at a reduced interest rate of 7.5% per annum, subject to States enacting Fiscal Responsibility and Budget Management Acts with suggested core provisions. In addition, the debt write-off is also available to the States,on repayments due from States during 2005-06 to 2009-10 on Central loans recommended for consolidation. Quantum of write-off is linked to the absolute amount by which revenue deficit is reduced in each successive year during the award period :

(c): So far, nine States that have qualified for debt waiver in 2005-06 have been awarded the same. The States are: Chhattisgarh, Gujarat, Haryana, Karnataka Madhya` Pradesh, Orissa, Rajasthan, Tamil Nadu and Uttar Pradesh.

(d): Yes, Sir. Debt waiver for an amount of Rs.381.90 crore for the year 2005-06 has been provided to the State.